

Message Text

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PAGE 01 TEL AV 03372 01 OF 02 121533Z
ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 ACDA-07 EB-07 TRSE-00 OMB-01 AID-05
IGA-02 MC-02 /080 W
-----121752Z 061737 /50

P 121403Z MAY 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 6124
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMCONSUL JERUSALEM

LIMITED OFFICIAL USE SECTION 1 OF 2 TEL AVIV 3372

E.O. 11652: N/A
TAGS: PFOR, MASS, IS,US
SUBJECT: STATUS OF ISRAEL AS U.S. ARMS CLIENT--EFFECT ON ELECTION

REF: TEL AVIV 3270

BEGIN SUMMARY: ISRAELI DISPLEASURE AND CONCERN OVER POSSIBLE
EXCLUSION FROM THE LIST OF PREFERRED CLIENTS FOR U.S. ARMS SALES
CONTINUES AND HAS BECOME A MAJOR ISSUE IN THE MEDIA.
A DAVAR ARTICLE REPORTING THE CONTENT OF A DEPARTMENT
MEMORANDUM WAS CENSORED. EDITORIAL COMMENT IS
GENERALLY CRITICAL. THE ISSUE COULD HAVE AN UNPREDICTABLE
EFFECT ON TUESDAY'S ELECTION.. END SUMMARY

1. PRESS REPORTING OF THE SUBJECT BEGAN ON MAY 8
WITH ARTICLES ALLEGING THAT ISRAEL HAD BEEN "EXCLUDED
FROM THE LIST OF COUNTRIES RECEIVING PREFERENTIAL
TREATMENT ON ARMS TRANSACTIONS." MOST OF THE ARTICLES
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PAGE 02 TEL AV 03372 01 OF 02 121533Z

HAVE BEEN BASED ON REPORTS BY WASHINGTON
CORRESPONDENTS AND ON FOREIGN MINISTER ALLON'S
REMARKS TO THE CABINET LAST SUNDAY (REFTEL).
THE SUBJECT HAS CONTINUED TO BE A MAJOR ITEM OF
NEWS AND COMPETES WITH REPORTS OF THE CARTER/
ASAD MEETING IN GENEVA AND THE ELECTION
CAMPAIGN FOR HEADLINES AND FRONTPAGE SPACE.

2. DAVAR'S WASHINGTON CORRESPONDENT (BARNEA) HAD SUBMITTED A STORY TO HIS PAPER FOR PUBLICATION YESTERDAY. THE STORY WAS CENSORED BY THE MILITARY AUTHORITIES AND SOME COPIES OF DAVAR APPEARED WITH BLANK SPACES. FOLLOWING A COMPLAINT BY THE PAPER, THE ARTICLE WAS RELEASED AND PUBLISHED TODAY:

3. BEGIN TEXT: A CLASSIFIED MEMORANDUM SENT OUT IN THE LAST FEW WEEKS TO THE DEPARTMENTS OF THE ADMINISTRATION DEALING IN MIDDLE EAST FOREIGN POLICY, AS REFERRING TO THE ISSUE OF SELLING ARMS TO ISRAEL, EXPRESSLY STATES THAT THE U.S. MUST WORK TOWARDS A CUTTING DOWN OF THE ACTIVITY OF ISRAEL'S ENTIRE AIRCRAFT AND DEFENSE INDUSTRY.

4. THIS IS ONE OF THE MEMORANDA RELATING TO THE ADMINISTRATION'S DISCUSSIONS OF U.S. POLICY ON ARMS SALES. ITS CONTENTS WERE REPORTED BY WASHINGTON SOURCES WHO HAD RECEIVED THE DOCUMENT. THEY SAY THAT IT WAS COMPILED BY A STATE DEPARTMENT OFFICIAL PLAYING A KEY PART IN PROCUREMENT RELATIONS WITH ISRAEL. THE SECTION IN THE DEPARTMENT WHICH DEALS WITH THE FORMULATING OF RECOMMENDATIONS ON U.S. DEFENSE AID POLICY IS THE OFFICE OF POLITICO-MILITARY AFFAIRS, HEADED BY LESLIE GELB. ACCORDING TO THE ABOVE SOURCES, THE ADMINISTRATION IS PRESENTLY HOLDING UP THE SALE OF LIMITED OFFICIAL USE

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PAGE 03 TEL AV 03372 01 OF 02 121533Z

VARIOUS ITEMS REQUESTED BY ISRAEL. IN INTERNAL CONSULTATIONS HELD IN THE STATE DEPARTMENT DAY BEFORE YESTERDAY, IT WAS FELT THAT THE ADMINISTRATION DEPARTMENTS SHOULD DESIST FROM THEIR EFFORTS TO BLOCK THE PROPOSAL NOW BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE IN FAVOR OF AIDING CO-PRODUCTION OF WEAPONS BY ISRAEL AND THE U.S. LAST NIGHT ADMINISTRATION OFFICIALS CONTACTED THE FOREIGN RELATIONS COMMITTEE AND BEGAN DISCUSSIONS OF A REVISED TEXT OF THE AMENDMENT.

5. U.S. STATE DEPARTMENT OFFICIALS ARE ALSO UNEASY ABOUT A FURTHER AMENDMENT DUE TO COME BEFORE THE COMMITTEE, CALLING FOR THE CONTINUED MILITARY STRENGTHENING OF ISRAEL BY THE U.S., INCLUDING THE SUPPLY OF SOPHISTICATED WEAPONS INCLUDING F-16 PLANES.

6. IN THIS CONNECTION IT WAS REPORTED LAST NIGHT THAT OFFICIAL ISRAELI SOURCES FEAR THAT ISRAEL AND HER FRIENDS ARE MOVING TOWARDS A CONFRONTATION TOO RAPIDLY. THESE ELEMENTS HAVE WARNED DEFENSE MINISTER SHIMON PERES OF (THE DANGER OF) LOSING CONTROL OVER EVENTS, AND HAVE RECOMMENDED THAT A DISCUSSION OF ARMS PROCUREMENT BE LEFT OPEN UNTIL PERES VISITS THE U.S. THE FACT THAT THE F-16 TRANSACTION IS MENTIONED IN THE RESOLUTION REFLECTS THE FEARS OF SOME OF ISRAEL'S FRIENDS IN CONGRESS WITH REGARD TO THE FUTURE OF THIS DEAL, IN RESPECT OF WHICH PUBLIC COMMITMENTS HAVE BEEN MADE BOTH BY THE FORMER AS WELL AS THE PRESENT ADMINISTRATION.

7. THE AMENDMENT MENTIONS THE ADDENDUM TO THE SECOND SINAI AGREEMENT, IN WHICH THE U.S. PROMISED TO MAKE EVERY POSSIBLE EFFORT TO MEET ISRAEL'S LIMITED OFFICIAL USE

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PAGE 04 TEL AV 03372 01 OF 02 121533Z

NEEDS BOTH IN THE LONG AND SHORT TERM, WHERE MILITARY EQUIPMENT AND OTHER DEFENSE ISSUES ARE CONCERNED. THE AMENDMENT, THE ESSENCE OF WHICH WAS COMMUNICATED TO THIS PAPER LAST NIGHT, STATES EXPLICITLY THAT THE U.S. WILL SUPPLY ISRAEL WITH ADVANCED TYPES OF MILITARY EQUIPMENT.

8. THE DISCUSSION IN THE FOREIGN RELATIONS COMMITTEE CONCERNING BOTH THESE AMENDMENTS WILL TAKE PLACE TOMORROW OR THE DAY AFTER, BUT IF THE

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PAGE 01 TEL AV 03372 02 OF 02 130745Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
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USIA-06 ACDA-07 EB-07 TRSE-00 OMB-01 AID-05 IGA-02
MC-02 /080 W

-----130748Z 094548 /11/50

P 121403Z MAY 77

FM AMEMBASSY TEL AVIV
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INFO AMEMBASSY AMMAN
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LIMITED OFFICIAL USE SECTION 2 OF 2 TEL AVIV 3372

C O R R E C T E D C O P Y (TEXT)

ADMINISTRATION SHOULD DESIRE TO POSTPONE IT, A
MAJORITY OF THE COMMITTEE MEMBERS WILL PROBABLY
AGREE. END TEXT

9. (AN INTERESTING SIDE LIGHT OCCURRED WHEN
SHULAMIT ALONI INVOLVED HER PARTY, CITIZENS
RIGHTS MOVEMENT, IN THE AFFAIR. SHE CLAIMED THE
CENSORSHIP VIOLATED THE RIGHTS OF ISRAELI
CITIZENS AND DEMANDED THAT THE CASE BE REVIEWED,
A DEMAND WHICH HAD ALREADY BEEN MADE BY DAVAR'S
EDITOR.)

10. COMMENTS AND EDITORIALS HAVE BEEN CRITICAL
AND HAVE SEEN THE TIMING OF THIS DEVELOPMENT AS
PART OF A PATTERN OF DETERIORATION IN THE
RELATIONS BETWEEN ISRAEL AND THE U.S. A DAVAR
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PAGE 02 TEL AV 03372 02 OF 02 130745Z

EDITORIAL TODAY SAID "...THERE CAN BE NO GETTING
AWAY FROM THE FACT THAT CERTAIN WORRYING SIGNS
ARE MAKING THEMSELVES FELT IN THE SPHERE OF
ISRAEL-U.S. RELATIONS THESE DAYS." HAARETZ
HAD EDITORIALIZED ON MAY 9 THAT: "IF THE U.S.
REALLY WISHES TO HELP PROMOTE SUCH A SETTLEMENT,
IT WILL HAVE TO HELP THE ISRAEL GOVERNMENT BY AT
LEAST AWARDED IT PREFERRED-NATION STATUS FOR
ARMS SUPPLIES. PRESIDENT CARTER FEELS HE HAS
TO BE 'FAIR' TO THE ARABS. BUT THE POLITICAL
PROBLEM IN THIS REGION IS NOT FAIRNESS, BUT
BALANCE. AND BALANCE MEANS PREFERRED-STATUS
AMERICAN AID TO ISRAEL."

11. COMMENT BY GUINEY IN YEDIOT AHARANOT MAY 10
SAID: "IT IS NOT CLEAR YET WHETHER AMERICAN
INTENTION NOT TO INCLUDE ISRAEL AMONG THE NATIONS
FAVORED WITH REGARD TO THEIR ARMS REQUIREMENTS
WILL IN FACT BE REFLECTED IN TANGIBLE NEGATIVE

RESULTS FROM THE MILITARY ANGLE. WHAT IS CLEAR IS, THAT THIS FACT WILL HAVE NEGATIVE RESULTS IN THE POLITICAL SPHERE. IF WE ADD TO THIS SEVERAL OTHER DEVELOPMENTS, WE SEE A GENERAL TREND IN U.S. POLICY OVER WHICH ISRAEL HAS REASON TO BE CONCERNED. THE ENSEMBLE COULDS WELL AFFECT AND INFLUENCE BOTH THE OUTCOME OF THE IMMINENT ELECTIONS IN ISRAEL, AND THE POLICY OF THE GOVERNMENT THAT WILL EMERGE AFTER THESE ELECTIONS, AND INFLUENCE WHOSE RESULTS MAY NOT BE TO THE AMERICANS' LIKING.

12. "CONCERN ABOUT THE NEGATIVE POLITICAL RESULTS IN THE PRESENT ARISES DUE TO THE FACT THAT THE REMOVAL OF ISRAEL FROM 'FAVORED-NATION' STATUS MIGHT BE INTERPRETED BY THE ARABS AS AN ENCOURAGING SIGNAL OF THE GENERAL INTENTIONS LIMITED OFFICIAL USE

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PAGE 03 TEL AV 03372 02 OF 02 130745Z

OF THE ADMINISTRATION VIS-A-VIS THE MIDDLE EAST. THE DECLARATION ON THE NEW DECISION TAKEN BY THE U.S. ADMINISTRATION WEAKENS AN ISRAELI GOVERNMENT ALREADY INVOLVED IN A DELICATE SITUATION--ON THE EVE OF ELECTIONS AS WELL AS THE EVE OF PEACE NEGOTIATIONS. AT THE SAME TIME, THE AMERICAN DECLARED INTENTION STIFFENS THE ARAB STAND IN THE TALKS CURRENTLY GOING ON BETWEEN ONE OF THEIR LEADERS--ASAD--AND PRESIDENT CARTER. THUS THE ADMINISTRATION'S DECISION REGARDING ARMS SUPPLIES, GRAVE ENOUGH IN ITSELF, BECOMES EVEN GRAVER AT A TIME LIKE THIS."

13. PRIME MINISTER RABIN ADDED HIS COMMENT, AND HIS OPINION THAT ISRAEL CULD PREVAIL IN THE MATTER, IN A STATEMENT TO A JOURNALIST AT AN ELECTION MEETING MAY 10. RABIN SAID "THERE ARE SEVERAL THINGS WHICH HAVE HAPPENED RECENTLY IN THE RELATIONS BETWEEN ISRAEL AND THE UNITED STATES WHICH AROUSE CONCERN." ONE OF THOSE THINGS IS THE RECENT PROPOSAL, "...AND I HOPE THAT PRESIDENT CARTER WILL TAKE CARE NOT TO AUTHORIZE THIS RECOMMENDATION WHICH CHANGES ISRAEL'S FORMER STATUS WITH REGARD TO SUPPLIES OF ARMS...IT IS WITHIN OUR STRENGTH TO STRUGGLE AND TO OVERCOME NEGATIVE TENDENCIES WHICH BECOME APPARENT HERE AND THERE IN THESE OR THOSE GOVERNMENT OFFICES."

14. COMMENT: THE FUROR THIS SUBJECT HAS RAISED

SERVES AS ANOTHER ILLUSTRATION OF THE GREAT
SENSITIVITY HERE TO RELATIONS WITH THE U.S.
THIS SENSITIVITY IS HEIGHTENED AT THE PRESENT
TIME BY THE MOVES TOWARD MIDDLE EAST PEACE
NEGOTIATIONS, DURING WHICH ISRAEL WOULD HOPE TO
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PAGE 04 TEL AV 03372 02 OF 02 130745Z

NEGOTIATE FROM A POSITION OF STRENGTH SUPPORTED
BY THE U.S., AND BY THE ELECTION CAMPAIGN.

15. THE EFFECT THIS ISSUE MAY HAVE ON TUESDAY'S
ELECTION IS NOT CLEAR, ON ONE HAND, IT CAN BE
ARGUED THAT ANY PERCEPTION OF A DETERIORATION
IN U.S./ISRAELI RELATIONS WOULD HURT THE
ALIGNMENT AT TUESDAY'S ELECTION. THE ALIGNMENT
CANNOT WIN VOTES ON ITS RECORD ON INTERNAL
POLICIES AND HAS TRIED TO CAPITALIZE ON EXTERNAL
FACTORS, PARTICULARLY GOOD RELATIONS WITH THE
U.S., DURING ITS CAMPAIGN. IN HIS TELEVISION
DEBATE WITH PERES (NOW POSTPONED TO MAY 15
BECAUSE OF THE HELICOPTER ACCIDENT) BEGIN MAY
WELL CHARGE THAT THE EROSION IN RELATIONS WITH
THE U.S. DISPROVES THE ALIGNMENT'S CLAIM TO
A SPECIAL NICHE IN USG AFFECTIONS. ON THE OTHER
HAND, AS NOTED IN TEL AVIV 3346 WHEN
DISCUSSING FEARS OF U.S. PRESSURE, PERCEPTION
OF TROUBLE IN U.S./ISRAELI RELATIONS MAY WORK
IN FAVOR OF THE ALIGNMENT AND ITS FAMILIAR
LEADERSHIP AND AGAINST THE LIKUD, ON THE
ASSUMPTION THAT BEGIN WOULD SURELY MAKE
RELATIONS WITH THE U.S. MORE DIFFICULT--THE
"FRIGHT" FACTOR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, GOVERNMENT REACTIONS, ELECTION FORECASTS, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Sent Date: 12-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TELAV03372
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770167-1108
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770564/aaaacdeg.tel
Line Count: 315
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4e8d3895-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 TEL AVIV 3270
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2545131
Secure: OPEN
Status: NATIVE
Subject: STATUS OF ISRAEL AS U.S. ARMS CLIENT--EFFECT ON ELECTION
TAGS: PFOR, MASS, IS, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/4e8d3895-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009